Ihre Ansprechpartner

Sehr geehrte Damen und Herren,

für Rückfragen zu der beigefügten Publikation „In brief" zur Thematik „Narrow scope amendment to IAS 7, *Statement of cash flows*" stehen Ihnen folgende Ansprechpartner gerne zur Verfügung:

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In brief

A look at current financial reporting issues

IASB issues a narrow scope amendment to IAS 7, 'Statement of cash flows'

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Issue

In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. The amendment is effective from 1 January 2017.

Impact

What is the additional disclosure?

An entity is required to disclose information that will allow users to understand changes in liabilities arising from financing activities. This includes changes arising from:

- cash flows, such as drawdowns and repayments of borrowings; and
- non-cash changes, such as acquisitions, disposals and unrealised exchange differences.

What items should an entity include in the additional disclosure?

Is the disclosure limited to debt?

No. Debt is not defined or required to be disclosed by current IFRS, so the IASB decided to require disclosure of changes in liabilities for which cash flows were, or future cash flows will be, classified as financing activities in the statement of cash flows.

Should an entity include financial assets in the disclosure if those assets are used to manage its financing activities?

Yes. An entity should include changes in financial assets (for example, assets that hedge liabilities arising from financing liabilities) in the new disclosures if such cash flows were, or will be, included in cash flows from financing activities.

Can an entity include changes in other items as part of the disclosures?

Yes. Changes in other items should be included where an entity considers that such disclosures would meet the objective of the disclosure requirement above. For example, an entity might consider including changes in cash and cash equivalents, pension liabilities and interest payments that are classified as operating activities in the statement of cash flows, etc. However, the amendment requires such disclosure to be separate from the disclosure of changes in liabilities arising from financing activities.

Is a specific disclosure format required?

No. The amendment suggests that a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities would meet the disclosure requirement, but a specific format is not mandated. However, where a reconciliation is used, the disclosure should provide sufficient information to link items included in the reconciliation to the balance sheet and statement of cash flows.

Effective date and transition

The amendment is effective for annual periods beginning on or after 1 January 2017. Earlier application is permitted. When an entity first applies the amendment, it is not required to provide comparative information in respect of preceding periods.

Insight

The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.